



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 600

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PSC APPROVES AGREEMENT TO INCREASE AQUILA'S ELECTRIC RATES

JEFFERSON CITY—A majority of the Missouri Public Service Commission has approved an agreement resolving all issues in an electric rate case filed by Aquila Networks-L&P (formerly St. Joseph Light & Power) and Aquila Networks-MPS (Aquila) in May of last year.

As a result of the Commission's approval of the agreement, electric rates for Aquila Networks-MPS customers will increase by approximately \$38.5 million (\$30.7 million less than originally requested) and by approximately \$6.3 million (\$3.1 million less than originally requested) for Aquila Networks-L&P customers. The rate change takes effect on March 1, 2006.

When Aquila filed its rate request on May 24, 2005, it sought to increase annual electric revenues by approximately \$69.2 million for its Aquila Networks-MPS service territory and by approximately \$9.4 million for its Aquila Networks-L&P service area.

The electric rate increase generally reflects the increased cost of providing service to its customers including the increasing cost of fuel that Aquila uses to generate electricity.

Aquila recently built a new generation facility (South Harper). The legal status of that facility has been called into question. "The stipulation and agreement establishes an amount that Aquila will be allowed to carry on its books as an expense for the construction of that plant," the Commission's order said. "However, it does not authorize Aquila to recover those costs in this case, and it does not place the South Harper Generating Station into the company's rate base. It also does not authorize Aquila to recover any costs associated with dismantling that facility, if that becomes necessary."

Under the agreement, an Aquila-MPS residential customer using approximately 1,000 kilowatt-hours a month will see electric bills increase by approximately \$6.90 a month. For an Aquila Networks-L&P residential customer using approximately 1,000 kilowatt-hours a month, electric bills will increase by approximately \$3.72 a month.

The interim energy charge (IEC) that currently exists on all customer bills will be terminated as a result of the agreement reached in this case. The agreement also calls for a one-time credit in connection with the existing IEC to Aquila's L&P customers. These credits are expected to be issued to L&P customers within the next 90 to 120 days.

The agreement contains a rate case moratorium through July 1, 2006. It also calls for Aquila to provide annual funding for energy efficiency and weatherization programs. The dollars allocated appear below:

Weatherization	\$108,000
Commercial Audits	\$ 60,000
Change-A-Light	\$ 25,000

The agreement approved by the Commission was submitted by Aquila, the PSC Staff, the Sedalia Industrial Energy Users' Association, Ag Processing, Inc., the City of Kansas City, the Missouri Department of Natural Resources, the Federal Executive Agencies and the City of St. Joseph. While the Office of the Public Counsel, AARP, The Empire District Electric Company and Calpine Control, L.P., did not sign the agreement, no party indicated opposition to the agreement and/or requested a hearing.

Aquila, Inc. provides electric service to approximately 240,000 customers in its MPS service area and to approximately 60,000 customers in its L&P service area (formerly St. Joseph Light & Power).